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## State of Connecticut

RICHARD BLUMENTHAL  
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Hartford

December 16, 2009

Honorable Ben S. Bernanke  
Chairman, Board of Governors of the Federal Reserve System  
2011 Street and Constitution Avenue N.W.  
Washington, D.C. 20551

Honorable Jennifer J. Johnson  
Secretary, Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
Washington, D.C. 20551

**RE: Forthcoming Proposed Rules To Implement Sections 101(c) and 102(b) of  
the Credit Card Accountability Responsibility and Disclosure Act of 2009**

Dear Chairman Bernanke and Secretary Johnson:

I write in anticipation of the proposed rules to be issued by the Federal Reserve Board (the "Board") to implement those provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act) that will be effective August 10, 2010. I urge the Board to draft rules that will reflect the intent of Congress to protect consumers and counteract the unconscionable avarice of some card issuers who have greedily pillaged consumers in advance of the CARD Act prohibitions on arbitrary rate and fee increases.

As you know, provisions of the CARD Act will protect consumers from arbitrary rate and fee increases, require advance notice of rate increases and other significant changes in terms, and provide consumers with the right to cancel the account prior to unfavorable changes in rates or terms. Those provisions, however, are not effective until February 22, 2010. In a blatant attempt to unfairly exploit this interim period, many credit card issuers are gouging their customers by imposing outrageous rates and fees ahead of the implementation of these important protections -- the same galling tactics Congress intended to prevent. In these difficult economic times, consumers already burdened by job loss and pay cuts should be spared such abuse.

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In light of their deplorable treatment of consumers -- not to mention the arrogant manner in which they have misled and thumbed their noses at Congress -- we cannot trust card issuers voluntarily to "make things right" with consumers. That is why I urge the Board to put some teeth into the CARD Act as it drafts the remaining regulations.

Specifically, I urge the Board to draft rules to implement Section 148 of the Truth in Lending Act (TILA) as amended by Section 101(c) of the CARD Act that will mandate a meaningful review of interest rate increases imposed by card issuers since January 1, 2009. Such rules must require that interest rate increases instituted since January 1, 2009 be rolled back where the statutorily required review indicates no adverse conduct by the card holder. Where a consumer is making his or her payments on time and is otherwise complying with the terms of the credit card agreement, that consumer should not be penalized with a higher interest rate or other fee increases. The banks are doing nothing less than requiring consumers to pay yet again for the banks' own mistakes. Enough is enough. Such self-serving conduct and unilateral amendment to the consumer's credit agreement is unconscionable and should be prohibited by the Federal Reserve Board's proposed regulations. Additionally, the Board's rules should put in place all necessary procedures that will enable it to effectively evaluate and enforce compliance with the mandatory review process and the statutory requirement to significantly reduce interest rates when such reductions are indicated.

Finally, I also urge the Board to draft rules to implement Section 149 of TILA as amended by Section 102(b) of the CARD Act that will prevent card issuers from imposing unfair and arbitrary penalty fees and charges for a consumer's omission or violation of the terms of a cardholder agreement. Specifically, the Board's rule must prohibit card issuers from imposing late payment fees, over-the-limit fees, or any other fees or charges that are not reasonable and proportional to the omission or violation to which the fee or charge relates. Consistent with the Congressional intent behind this provision, the Board's rules should reflect the overarching goal of protecting consumers from the as-yet unbounded and unabashed greed of card issuers, who, left to their own devices, have shown that they will not hesitate to impose outrageous and unfair penalties, fees, and rate increases on consumers for minor breaches of one-sided contracts of adhesion -- or simply for no reason at all.

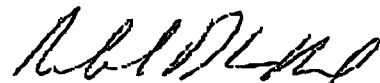
Please keep these considerations in mind as you draft the proposed rules implementing Sections 101(c) and 102(b) of the CARD Act. I look forward to the opportunity to comment on the proposed rules once they are published in the Federal

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Register. If you have any questions regarding these important issues, please do not hesitate to contact me or Assistant Attorneys General Mathew Budzik and Joseph J. Chambers of my Finance Department at (860) 808-5270.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Richard Blumenthal', written in a cursive style.

RICHARD BLUMENTHAL

RR/pas